

Message Text

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TAGS: UNCTAD, EFIN

SUBJ: UNCTAD: GROUP B VIEWS ON FINANCING A COMMON FUND

1. US DEL INFORMAL DISCUSSIONS DURING COMMON FUND MEETING
JANUARY 24-28 WITH UK, CANADIAN AND FRENCH FINANCIAL
ADVISERS REVEALED SIMILAR CONCERNS ABOUT THE FINANCIAL
VIABILITY OF THE UNCTAD COMMON FUND PROPOSALS. (UNCTAD
PROJECTS A FIVE-YEAR FINANCIAL REQUIREMENT OF \$1 BILLION
PAID-IN CAPITAL AND \$2 BILLION BORROWED FUNDS -- ONE HALF
FROM GOVERNMENTS AND ONE HALF FROM MONEY MARKETS -- PLUS
AN ADDITIONAL \$3 BILLION ON AN AS NEEDED BASIS.)
UNCTAD SECRETARIAT PAPER ON MODE OF OPERATIONS OTHERWISE
FAILED TO SPECIFY THE FINANCIAL STRUCTURE OF THE FUND.

2. IN AN EFFORT TO FOCUS GROUP B ATTENTION ON
THE FINANCIAL ASPECTS OF THE COMMON FUND, US, UK,
CANADIAN, FRENCH AND AUSTRALIAN FINANCIAL ADVISERS MET
INFORMALLY TO EXCHANGE VIEWS OF FINANCIAL ISSUES.
THIS DISCUSSION PLUS AN INTERNAL CANADIAN GOVERNMENT
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PAPER FORMED THE BASIS FOR AN INFORMAL GROUP B
PAPER OUTLINING CONSIDERATIONS ON CAPITAL AND ADMINIS-
TRATIVE STRUCTURE, FINANCIAL POLICY, RESOURCES AND
BORROWING AND THE IMPACT OF THE COMMODITY MARKET IN
THE COMMON FUND'S FINANCIAL STRUCTURE. THIS PAPER WAS
DISTRIBUTED TO GROUP B DELS FOR USE IN CAPITALS AS A
GUIDE TO TECHNICAL EXAMINATION OF THE FINANCIAL ASPECTS

OF THE COMMON FUND AND MAY BE PRESENTED FOR
CONSIDERATION AT THE OECD HIGH LEVEL MEETING ON COMMODITIES.

3. WHILE NOT DISCUSSED IN PLenary, THE SECRETARIAT
ALSO PREPARED PAPERS ON DECISION-MAKING AND MANAGEMENT
(RELATING PRIMARILY TO VOTING), AND CAPITAL SUBSCRIPTIONS.
THESE PAPERS DISCUSSED A VARIETY OF OPTIONS ON BOTH
CAPITAL AND VOTING QUESTIONS WHILE TRYING TO MAINTAIN
THE INDEPENDENCE OF THE TWO ISSUES. UNCTAD FAVORS THE
IFAD APPROACH (I.E., EQUAL SHARES OF CAPITAL AND QUAL
VOTES AMONG IMPORTERS AND EXPORTS WITH SPECIAL PROVISION
FOR POSSIBLE OPEC CONTRIBUTIONS); SPECIAL TREATMENT
FOR THE POOREST LDCs ON CAPITAL SUBSCRIPTIONS; AND THE
ELECTION OF ALL EXECUTIVE DIRECTORS OF THE COMMON FUND.
EVENTUAL RELATIONSHIP OF UND TO EXISTING INSTITUTIONS,
INCLUDING UNCTAD, STILL AN OPEN QUESTION. CATTO

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